

The Management's Discussion and Analysis (MD&A) offers readers of the City's financial statements a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2002. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, and in the financial statements and notes to the financial statements (which immediately follow this discussion). The implementation of the new financial reporting requirements of GASB Statement No. 34 (*Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*) makes the City's June 30, 2002 Comprehensive Annual Financial Report significantly different than those of previous years. New sections include this Management's Discussion and Analysis, the Government-wide Statement of Net Assets, the Government-wide Statement of Activities, the concept of major fund reporting, and the reporting of infrastructure capital assets and long term debt liabilities in the governmental activities. These concepts are explained throughout this discussion and analysis.

FINANCIAL HIGHLIGHTS

- The net assets of the City of Williamsburg exceeded its liabilities at June 30, 2002 by \$76 million dollars. Net assets invested in capital assets (net of depreciation and related debt) account for nearly 59% of this amount, with a value of \$45 Million. The remaining net assets may be used to meet the government's ongoing obligations to citizens and creditors, without legal restriction.
- As of June 30, 2002, the City's governmental activities reported an ending fund balance of \$26 Million. This amount is available for spending at the government's discretion (*unreserved fund balance*). Of this total, \$13.4 Million is designated for subsequent years' capital expenditures.
- The City issued \$2.5 million in general obligation bonds and \$4.5 million note payable to finance construction of the Prince George Parking Garage. This project will provide a 3-story, 362 space paid-parking facility adjacent to Merchant's Square in Colonial Williamsburg. At the end of June 30, 2002, \$336,000 had been spent on this project for engineering and site work.
- Business-type activities (Utility Fund) reported net assets at June 30, 2002 of \$12.7 Million. Its net assets invested in capital assets (net of depreciation and related debt) account for 60% of this amount, with the remaining net assets of \$5.1 Million available without restriction. The Utility Fund reports combined cash and investments at year-end of \$4.9 Million, with total short-term liabilities of \$1 Million. Long-term debt obligations at June 30, 2002 were \$7.4 Million.
- In the year ending June 30, 2002, the City refinanced \$653,800 in private general obligation bonds in the Utility Fund, which resulted in lower debt service costs for the City. In addition, the notes to the financial statements include information regarding the bond refunding of \$5.88 Million subsequent to June 30, 2002 to obtain a substantial savings in debt interest costs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Williamsburg's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and budgetary comparison, and 3) notes to the financial statements.

Government-wide Financial Statements

There are two government-wide financial statements, which are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, judicial, public safety, public works, health and

welfare, education, parks and recreation, cultural, community development, and debt service. The sole business-type activity of the City of Williamsburg is the water utility.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, this is just one indicator of financial health of the City. Other indicators include the condition of the City's infrastructure systems (roads, drainage systems, bridges, etc.), changes in property tax base, and general economic conditions within the City.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on taxes for funding. All changes in net assets are reported using the accrual basis of accounting, similar to the method used by most private-sector companies. The accrual basis of accounting requires that revenues be reported when they are earned and expenses are reported when the goods and services are received, regardless of the timing of the cash flow. Items such as uncollected taxes, unpaid vendor invoices for items received in June 30, 2002, and earned but unused vacation leave will be included in the statement of activities as revenue and expense, even though the cash associated with these items will not be received or distributed until after June 30, 2002.

The City has no separately identified component units included in the government-wide financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Williamsburg, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Williamsburg can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Governmental Funds are used to account for most, if not all, of a government's tax-supported activities. Proprietary Funds are used to account for a government's business type activities, where all or part of the costs of activities are supported by fees and charges that are paid directly by those who benefit from the activities. Fiduciary Funds are used to account for resources that are held by the government as a trustee or agent for parties outside of the government. The resources of fiduciary funds cannot be used to support the government's own programs.

Governmental Funds. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances present separate columns of financial data for the General Fund. (GASB Statement No. 34 defines a major fund as a fund whose assets, liabilities, revenues or expenditures comprise 1) at least 10% of the total dollar amount of the same category within either all government or all enterprise funds, as appropriate, and 2) at least 5% of the total dollar amount of all governmental and enterprise funds combined for the same category. The General Fund is always considered a major fund.) The governmental fund financial statements can be found immediately following the government-wide financial statements.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements' use of accrual accounting, governmental fund financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating a government's near-term financing requirements in comparison to near-term resources available.

Because the focus of governmental fund financial statements is narrower than that of government-wide financial statements, it is useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing

so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to the governmental activities column in the government-wide statements, in order to facilitate this comparison.

The City maintains budgetary controls over its operating funds. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Budgets for governmental funds are established in accordance with state law, and are adopted on a fund level. Personal services are budgeted by fulltime positions. Capital outlays are approved on an item-by-item basis or project basis. A budgetary comparison statement is provided for the General Fund to demonstrate compliance with the budget. Major fund budgetary variance statements are included with the basic financial statements. Nonmajor fund information follows the notes to the financial statements. Budgetary variances for the General Fund are discussed in some detail later in this section.

Proprietary Funds. The City maintains one type of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water utility operations.

Proprietary fund statements follow the governmental fund statements in this report. They provide the same type of information as the government-wide financial statements, only in more detail, since both apply the accrual basis of accounting. The proprietary fund financial statements provide information for the Water Utility Fund, which is considered to be the only major proprietary fund of the City. There are no reconciling differences from the Proprietary Fund Statement of Net Assets to the business-type activity column on the Government-Wide Statement of Net Assets.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City of Williamsburg has one type of fiduciary funds- Agency Funds (which are clearing accounts for assets held by the City in its role as custodian until the funds are allocated to the organizations or government agencies to which they belong). The Statement of Fiduciary Net Assets can be found following the proprietary fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's net assets total \$76,471,379 at June 30, 2002. The following table reflects the condensed Government-Wide Statement of Net Assets:

City of Williamsburg's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2002	2001	2002	2001	2002	2001
Current and Other Assets	\$ 27,843,666	\$ 18,997,359	\$ 5,848,633	\$ 5,278,910	\$ 33,692,299	\$ 24,276,269
Capital Assets	<u>50,467,608</u>	<u>48,482,621</u>	<u>15,375,067</u>	<u>15,463,012</u>	<u>65,842,675</u>	<u>63,945,633</u>
Total Assets	<u>\$ 78,311,274</u>	<u>\$ 67,479,980</u>	<u>\$ 21,223,700</u>	<u>\$ 20,741,922</u>	<u>\$ 99,534,974</u>	<u>\$ 88,221,902</u>
Long-term Liabilities	\$ 12,032,715	\$ 6,440,000	\$ 7,700,360	\$ 7,700,361	\$ 19,733,075	\$ 14,140,361
Other Liabilities	<u>2,555,853</u>	<u>1,847,981</u>	<u>774,667</u>	<u>717,030</u>	<u>3,330,520</u>	<u>2,565,011</u>
Total Liabilities	14,588,568	8,287,981	8,475,027	8,417,391	23,063,595	16,705,372
Net Assets:						
Invested in Capital Assets, net						
of related debt	37,815,608	42,042,621	7,674,707	7,529,212	45,490,315	49,571,833
Restricted	13,440,000	6,271,300	-	-	13,440,000	6,271,300
Unrestricted	<u>12,467,098</u>	<u>11,674,394</u>	<u>5,073,966</u>	<u>4,795,319</u>	<u>17,541,064</u>	<u>16,469,713</u>
Total Net Assets	<u>\$ 63,722,706</u>	<u>\$ 59,988,315</u>	<u>\$ 12,748,673</u>	<u>\$ 12,324,531</u>	<u>\$ 76,471,379</u>	<u>\$ 72,312,846</u>

The City of Williamsburg's total assets were over \$99 million as of June 30, 2002. Of this amount, \$65.8 million is accounted for by capital assets, which includes infrastructure. Historically, infrastructure (roads, bridges, right-of-ways, etc.) has not been included in capital asset reporting for governmental activities. GASB Statement No. 34 requires that all capital assets, including infrastructure, be reported. The City has chosen to report all of its infrastructure assets with the implementation of GASB Statement No. 34 for the year ending June 30, 2002.

Additionally, the government must elect to either 1) depreciate these assets over their estimated useful life or 2) develop a system of asset management designed to maintain their condition perpetually and to report on their condition within the financial statements. The City has elected the first method and will use the depreciation method on infrastructure systems reporting.

Of the remaining City assets, approximately \$29.7 million is accounted for in cash, cash equivalents, and pooled investments, \$2.7 million in accounts and notes receivable, with the remainder spread among miscellaneous assets.

At June 30, 2002, the City had outstanding liabilities of \$23.1 million, with slightly over \$20.3 million in bonds payable. Of the bonds payable, \$1.1 million was due within one year, with the remainder due at various dates before 2017. Refer to the notes to the financial statements for a more in depth discussion of long term debt.

Included in other liabilities in the table are \$1.3 million in accounts payable, \$.7 million in accrued liabilities, and approximately \$73,000 in deposits payable to customers.

The largest portion of the City's net assets reflects its investment in capital, less any outstanding related debt used to acquire those assets. The City's capital assets are used to provide services to citizens. Consequently, investments in capital are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this

debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net assets represents resources that are designated for subsequent years' capital projects. In the current fiscal year, this represented \$13.4 Million or 18% of net assets. The remaining \$17.5 Million or 23% of net assets may be used to meet the City's ongoing obligations to its citizens and creditors for all activities.

At June 30, 2002, the City had positive balances in all categories of net assets, for the government as a whole, and for governmental activities. Business-type activities report positive balances in both capital and unrestricted assets; there were no restricted assets.

Statement of Activities - Changes in Net Assets

The following schedule compares the revenues and expenses for the current and previous fiscal year.

City of Williamsburg's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Program Revenues:						
Charges for services	\$ 1,735,178	\$ 1,752,211	\$ 4,802,684	\$ 4,335,642	\$ 6,537,862	\$ 6,087,853
Operating grants and contributions	3,114,585	1,944,953	-	-	3,114,585	1,944,953
Capital grants and contributions	205,859	206,155	-	-	205,859	206,155
General Revenues:						
Property taxes	7,541,778	7,140,860	-	-	7,541,778	7,140,860
Other local taxes	16,757,025	15,528,302	-	-	16,757,025	15,528,302
Other	<u>1,169,725</u>	<u>1,233,651</u>	<u>123,220</u>	<u>227,019</u>	<u>1,292,945</u>	<u>1,460,670</u>
Total Revenues	30,524,150	27,806,132	4,925,904	4,562,661	35,450,054	32,368,793
Expenses:						
General government	2,625,791	2,645,452	-	-	2,625,791	2,645,452
Judicial administration	293,703	275,310	-	-	293,703	275,310
Public safety	6,224,163	6,039,239	-	-	6,224,163	6,039,239
Public works	4,189,199	4,042,860	-	-	4,189,199	4,042,860
Health and welfare	1,600,391	1,090,412	-	-	1,600,391	1,090,412
Education	6,763,889	6,551,499	-	-	6,763,889	6,551,499
Parks, recreation, & cultural	1,970,796	1,776,214	-	-	1,970,796	1,776,214
Community Development	2,911,908	2,897,772	-	-	2,911,908	2,897,772
Nondepartmental	86,589	6,212	-	-	86,589	6,212
Interest expense	290,907	311,094	-	-	290,907	311,094
Water	<u>-</u>	<u>-</u>	<u>4,501,762</u>	<u>3,736,321</u>	<u>4,501,762</u>	<u>3,736,321</u>
Total Expenses	26,957,336	25,636,064	4,501,762	3,736,321	31,459,098	29,372,385
Excess of revenues over expenses	3,566,814	2,170,068	424,142	826,340	3,990,956	2,996,408
Transfers	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Increase in net assets	3,616,814	2,170,068	424,142	826,340	4,040,956	2,996,408
Net assets - beginning	<u>60,105,892</u>	<u>57,935,824</u>	<u>12,324,531</u>	<u>11,498,191</u>	<u>72,430,423</u>	<u>69,434,015</u>
Net assets - ending	<u>\$63,722,706</u>	<u>\$60,105,892</u>	<u>\$12,748,673</u>	<u>\$12,324,531</u>	<u>\$76,471,379</u>	<u>\$72,430,423</u>

Total revenues for the City of Williamsburg were \$35.5 Million for the year ended June 30, 2002. Governmental activities provided nearly \$30.5 Million (85%), while \$4.9 Million of business-type activities revenue was provided by charges for services and interest income.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Williamsburg uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Following are financial analysis of the City's governmental and proprietary funds.

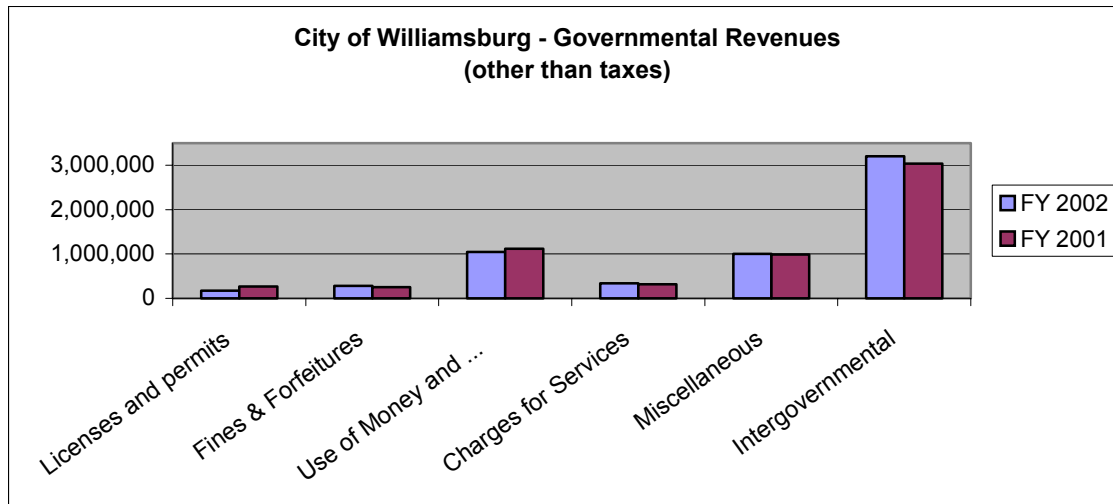
Governmental Funds Revenue and Expense Analysis

The general governmental functions are contained in the General Fund. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City. On June 30, 2002, unreserved, undesignated fund balance of the General Fund was \$12.5 Million, while total fund balance reached \$25.9 Million. Total assets in the General Fund amounted to \$27.6 Million, accounting for 99% of total governmental fund assets.

**Revenues Classified by Source
Governmental Funds**

	June 30, 2002		June 30, 2001		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
<u>Revenues by Source</u>						
General Property Taxes	\$7,577,391	25.14%	\$7,140,860	25.04%	\$436,531	6.11%
Other Local Taxes	16,506,306	54.76%	15,388,474	53.96%	1,117,832	7.26%
Licenses and permits	173,985	0.58%	267,047	0.94%	(93,062)	-34.85%
Fines & Forfeitures	282,664	0.94%	253,578	0.89%	29,086	11.47%
Use of Money and Property	1,049,518	3.48%	1,116,134	3.91%	(66,616)	-5.97%
Charges for Services	341,113	1.13%	319,808	1.12%	21,305	6.66%
Miscellaneous	1,004,432	3.33%	989,122	3.47%	15,310	1.55%
Intergovernmental	3,206,182	10.64%	3,041,557	10.67%	164,625	5.41%
Total Revenues	<u>30,141,591</u>	<u>100.00%</u>	<u>28,516,580</u>	<u>100.00%</u>	<u>1,625,011</u>	<u>5.70%</u>



The following provides an explanation of revenues by source that changed significantly over the prior year.

- **General Property Taxes** – This consists of real and personal property tax receipts. Real property tax receipts were \$4,962,549, up 6% from last year, consistent with the increase in assessments (including new construction) for the year. Personal property tax receipts, including businesses, were \$2,249,292 – up approximately 6% over from the prior year.
- **Other Local Taxes** – Up an overall 7.2% from the previous year, local taxes include State sales taxes, consumer utility taxes, business and franchise licenses, bank stock and recordation taxes, room, and meal taxes.
 - State sales taxes were \$4,368,379, an increase of 6.7% from the previous year.
 - Consumer utility taxes were \$589,089, an increase of 16.4% from last year; largely due to the E-911 tax increase from \$1 to \$2 per phone line effective July 1, 2001.
 - Room taxes were \$4,114,010, a 5.6% increase of \$218,590 from last year. This is directly attributable to the additional room nights available during the year, since Colonial Williamsburg re-opened two of their properties after major renovations.
 - Meal taxes were \$5,318,886, up \$204,371, an increase of 4% from the previous year.
- **Use of Money and Property** – With the wave of Federal Reserve interest rate cuts last year came a reduction in earnings potential for the City's investment portfolio. Interest earnings for year ended June 30, 2002 were \$877,741, down \$109,584, or 11.1% from June 30, 2001 levels. Helping to offset those reductions were increases in rental revenues during the current year. Revenues from the use of property were \$171,463, up \$42,654, or 33% from the year ended June 30, 2001. Additional rented spaces and amenities charges for properties adjacent to the City's parking deck, an increase in the Amtrak rental agreement at the Transportation Center, and slight increases for various other tenant contracts account for the overall increase.
- **Charges for Services** – Overall this category increased from \$319,808 in FY 2001 to \$341,113 for FY 2002, a 6.7% increase, largely attributable to additional recreation programs and participation, an increase in recreation facility rentals, and moderate recreation fee increases.
- **Miscellaneous** – level with last year at approximately \$1,004,000
- **Intergovernmental** – largely consisting of State revenues, these revenues are down \$12,199 from FY 2001 levels.
 - Non-categorical aid is down \$31,811 from the preceding year. ABC profits and rental car taxes were up slightly, but grantor's taxes were down approximately \$28,000, and 599 law enforcement grant moneys were reduced by approximately \$7,900 during FY 2002.
 - Shared expenses for Commissioner of the Revenue, Treasurer, Medical Examiner, and Registrar/Electoral Board were down a total of \$1,711 from the level in the previous year.

- State sales tax for education, a dedicated funding source based on school-aged population among Virginia localities, was down considerably from \$458,015 last year to \$429,304 in the current year – a drop of 6.3%, largely due to the sluggish economy. Other categorical aid, largely consisting of State highway maintenance payments, was up 4.6% from the preceding year. These payments, based on road lane miles, increased by \$51,475, or 5.2% during the year.

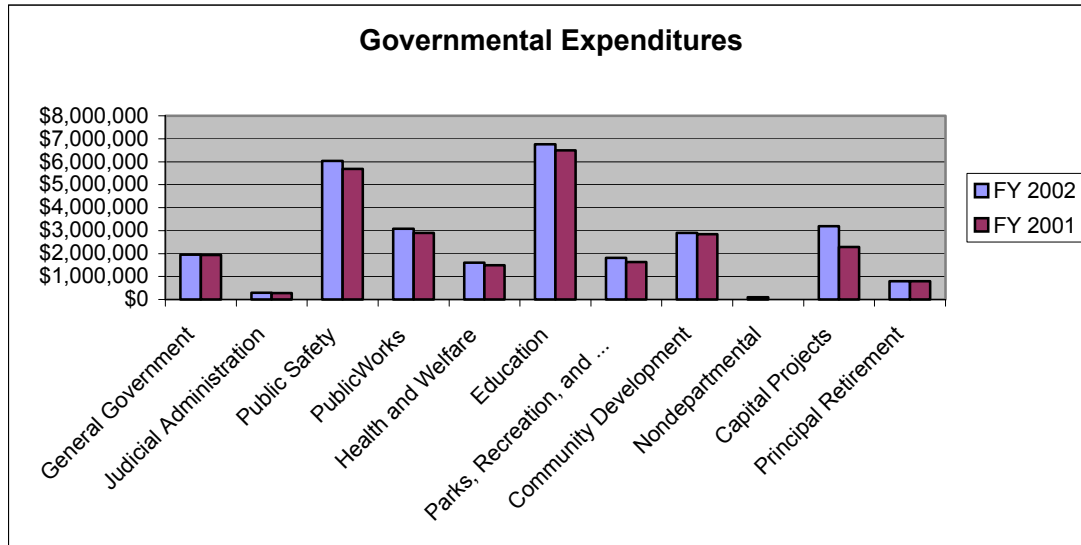
The revenue categories above do not include one-time only financing sources, such as bond proceeds the sale of City-owned assets. During the year ended June 30, 2002, the City of Williamsburg borrowed \$7 Million to finance construction of the Prince George Parking Garage. Details of this borrowing are included in the notes to the financial statements. The sales of two city-owned properties during the year resulted in a gain of \$337,264. One property was located in the Holly Hills subdivision, and the other was a vacant lot adjacent to the parking deck near City Square. The new owners will develop these properties.

The net change in fund balance for the General Fund in FY 2002 was an increase of \$8,623,616, largely due to the \$7 Million bond proceeds being classified as other financing sources. The total Fund Balance for the General Fund at June 30, 2002 is \$25,927,029. Of this amount, \$13.4 Million is designated for subsequent years' capital expenditures.

The following table represents expenditures by function compared to prior year amounts.

**Expenditures By Function
Governmental Funds**

	June 30, 2002		June 30, 2001		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
<u>Expenditures by Function</u>						
General Government	\$1,952,376	6.78%	\$1,932,875	7.25%	\$19,501	1.01%
Judicial Administration	293,703	1.02%	275,310	1.03%	18,393	6.68%
Public Safety	6,033,070	20.95%	5,691,527	21.34%	341,543	6.00%
PublicWorks	3,078,356	10.69%	2,902,339	10.88%	176,017	6.06%
Health and Welfare	1,600,018	5.56%	1,489,707	5.59%	110,311	7.40%
Education	6,763,889	23.49%	6,496,149	24.36%	267,740	4.12%
Parks, Recreation, and Cultural	1,809,048	6.28%	1,629,146	6.11%	179,902	11.04%
Community Development	2,898,086	10.06%	2,846,217	10.67%	51,869	1.82%
Nondepartmental	97,680	0.34%	6,210	0.02%	91,470	1472.95%
Capital Projects	3,192,642	11.09%	2,288,580	8.58%	904,062	39.50%
Principal Retirement	788,000	2.74%	788,000	2.95%	0.00	0.00%
Interest	290,907	1.01%	323,094	1.21%	(32,187)	-9.96%
Total Expenditures	<u>\$28,797,775</u>	<u>100.00%</u>	<u>\$26,669,154</u>	<u>100.00%</u>	<u>\$2,128,621</u>	<u>7.98%</u>



The following provides an explanation of the expenditures by function that changed significantly over the prior year.

- **General Government Administration**

- General and Financial Administration – Up approximately \$19,500 from the previous year, largely due to slight spending increases for the City Manager's, Assessor, Treasurer, and City Shop. There were also additional legal fees incurred during the year of approximately \$70,000. The Commissioner of the Revenue and Finance departments experienced compensation savings from recent retirements.
- Board of Elections – The Electoral Board experienced a slight increase during the year, while the Registrar experienced an 11.2% increase due to a change to full-time staffing for the Assistant Registrar.

- **Judicial Administration** – The City funds judicial offices with James City County in the jointly owned Courthouse, according to a population-based formula each year. The City's share of expenditures was 19.96% of total expenses or \$293,703, up 6.7% from the prior year. This is a reflection of mandatory State budget cuts made during the year, with the localities funding a larger portion of judicial operations, while still providing the same level of services.

- **Public Safety** – This category is made up of several departments:

- Law Enforcement & Traffic Control – Expenditures for the Police Department were \$2,510,598, up \$93,581 or 4% from FY 2001. This is largely attributable to increases in personnel costs.
- E-911 – This program is responsible for City-wide E-911 dispatch operations at the Police Department. This operation experienced a 5.6% increase to \$433,540 for over the preceding year
- Fire and Rescue Services - Total expenditures were up \$35,438, or 1.7% the prior year.
- Correction and Detention –
 - Virginia Peninsula Regional Jail expenditures were \$548,055 during the year ended June 30, 2002, up 14.2% from the previous year. This is attributable to a slight increase in the per diem rate for the current year and a significant increase in inmate populations for crimes committed in the City. Jail population for City crimes was 21,959 and 23,544 days incarceration during the years ended June 20, 2001 and 2002, respectively, an increase of 7.2%.
 - Juvenile detention costs during the year were \$116,054, up 41.1% over last year, due to an extremely large daily population. Total days incarceration in the

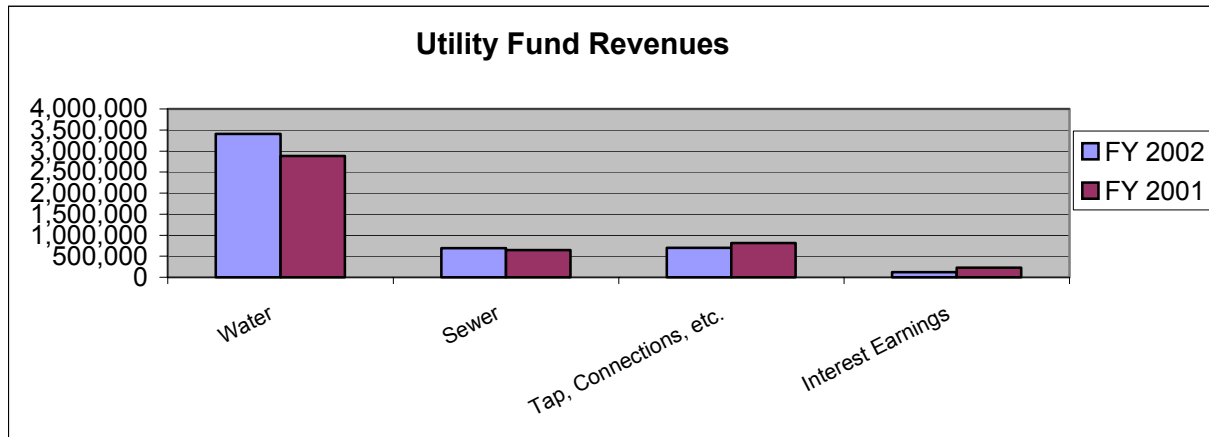
current year were 1,044, while 769 days were experienced in the previous year – an increase of 35.7%.

- Inspection costs were \$245,160 during the year ended June 30, 2002, up \$28,940, or 13.4% over the prior year. This is largely attributable to increased part-time staffing costs to accommodate an increase in building activity in the City, and additional inspection programs.
- **Public Works** – Various activities make up this category:
 - Engineering – Expenditures during the year ending were \$178,974, up 8.1% due largely to increased personnel costs.
 - Streets – Overall costs were up 14.7% for the year, due to overlay projects on Jamestown Road, and also Richmond Road. Electricity expenditures were also up 22% when compared to the previous year.
 - Refuse Collection – Expenditures the year were \$475,258, up 7.3% over the year ended June 30, 2001.
- **Health & Welfare** – Local health department costs were steady this year, as were contributions to the Colonial Services Board.
- **Education** – Current year education costs were \$6,763,889, up 4.1% from last year. The City's share of the joint Williamsburg-James City County Public School system for the year ended June 30, 2002 was 12.8%. By contract, costs during the year ended June 30, 2002 do not include any City contribution for capital. Under the agreement beginning with the year ending June 30, 2003, the City will pay a portion of capital projects.
- **Parks, Recreation and Cultural** –
 - Recreation costs were \$1,069,304, up 5.6% over last year. This is due in part to additional staffing necessitated by the addition/renovation project of the Quarterpath Recreation Center, and also that this facility is open more hours than previous to the expansion. Electricity costs for the center are higher with additional HVAC units now in place.
 - The City's share of the Williamsburg Regional Library for the year ended June 30, 2002 were \$679,581, up 11% from last year, due to increases in operating costs. The City's share for the current year was 17.6% according to the agreement with James City County, which is based on circulation each year.
- **Community Development**
 - Planning – Up approximately 8.6% for the year, largely from increased professional services costs.
 - Community Development – This consists of contributions to outside human service type, and community and economic development agencies. These costs were up less than 1% for the year ending June 30, 2002. Arts Commission funding was \$127,707, up 5.6% from last year.
- **Capital Projects** – Capital projects vary each year depending on the 5-year program. For year ended June 30, 2002 the City spent \$3,192,642 for various projects.
- **Principal and Interest payments** – Principal and interest payments on outstanding debt remained level this year at approximately \$1.1 Million. Details on debt are included in the notes to the financial statements.

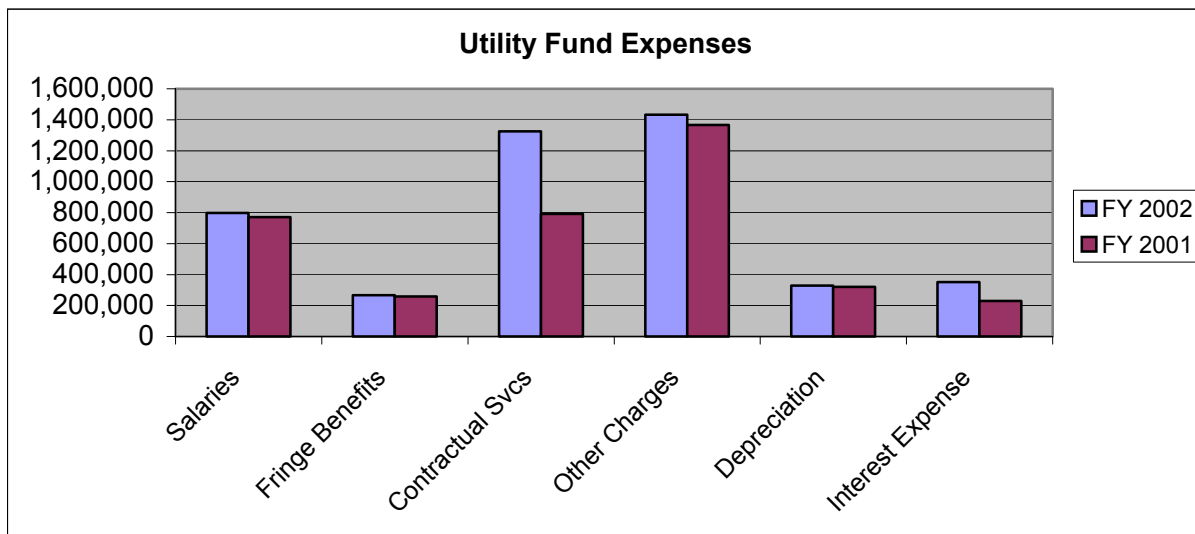
Enterprise Funds Revenue/Expense Analysis

The business-type activity (water and sewer services of the Utility Fund) revenues for the year were \$4.8 Million, up 10.8% over last year. This is due in part to an increase in water rates in July 2001 from \$2.10 to \$2.40 per 1,000 gallons (a 14% increase). Water and sewer availability fees for the current year totaled \$698,170. During the year a third contract was signed with a cell-phone provider for use of a city-owned water tank as a base for communications equipment. The three contracts total \$78,000 per year. Interest earnings for the year ended June 30, 2002 were \$123,220, down approximately 45% from last year. In addition, the City contracted with an area real estate firm to market a 50+-acre parcel of land

purchased last fiscal year, with proceeds intended to be applied toward Utility Fund debt service. This original borrowing in January 2001 of \$5.78 Million was also recently refinanced, and details of this refunding are included in the notes to the financial statements as a subsequent event.



Expenses in the Utility Fund for the year totaled \$4.5 Million, compared to \$3.7 Million last year. The largest increase was in contractual services. Water purchased from the City of Newport News during year ended June 30, 2002 totaled \$513,872, and was necessary to maintain water levels at the Waller Mill Reservoir during what turned out to be one of the most severe droughts in recent years. No additional water was purchased during the June 30, 2001 year.



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Williamsburg's total investment in capital assets, including construction in progress, for its governmental and business type activities as of June 30, 2002, amounts to \$65.8 Million (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and

equipment, recreation and park facilities, and construction in progress on the Prince George Parking Garage. Major capital assets of the Utility Fund consist of all assets used to provide water and sewer services to City residents, including the major investment of the Waller Mill Reservoir and all properties adjacent to this watershed.

Major capital asset events during the current fiscal year included the following:

Governmental Funds:

- The Haynes Pond stormwater management was completed during the year ended June 30, 2002 at a cost of \$240,000.
- In the fall of 2001 the Police Department began implementation of a new computer-aided dispatch and records management system. This project includes a relational database software system, allowing additional flexibility, querying, and reporting capabilities. The cost of this project totaled \$281,000.
- Vehicles and equipment added to the fleet during the year, at a cost of \$205,000. This included police vehicles, a backhoe, and street department vehicles.
- The Quarterpath Recreation Center renovation project was completed in January 2002. This expansion included an additional 15,000 square feet of space, including new handicapped-accessible bathhouse and dressing rooms, additional space for programs and activities, an improved user-friendly entrance and reception area, and relocation of staff offices. Total renovation costs totaled \$1.8 Million.
- The Williamsburg Transportation Center renovation was completed in May 2002, at a cost of \$1.7 Million over a two-year period. This was a two-part project, first an exterior preservation of the original 1935 structure, and renovation of the inside, to allow for better use of space as a full transportation center.

Utility Fund:

- Additional land was acquired during 2002 as watershed protection property, at a cost of \$162,000
- Fencing was installed at the Water Filter Plant totaling \$43,000
- Two vehicles were purchased at a cost of \$42,000.

Long-Term Debt

At June 30, 2002, City of Williamsburg had total bonded debt outstanding of \$20.4 million. Governmental activities had bonds payable of \$12.7 million, while business-type activities had \$7.7 million in bonds payable. The full faith and credit of the government back these instruments.

The City of Williamsburg's total bonded debt had a net increase of \$5.9 million during 2002. Debt activity in 2002 included a new two-year note of \$4.5 Million, and a 15-year \$2.5 Million bond for the Prince George Parking Garage, scheduled for completion in December 2003. The City's remaining capacity for debt at June 30, 2002 was approximately \$70 million. The City of Williamsburg has not been rated by a major rating service such as Moody's Investor's Service, or Standard & Poor's. Recent borrowings have been Bank-Qualified (under \$10 Million) private placements with regional banking institutions and private individuals. As in the past, based on recommendation of the City's financial advisors, Davenport and Company, the City of Williamsburg will consider all aspects of private vs. public borrowing in its borrowing analysis.

Requests for Information

This financial report is designed to provide a general overview of the City of Williamsburg's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Williamsburg, 401 Lafayette St., Williamsburg, VA 23185

CITY OF WILLIAMSBURG, VIRGINIA

STATEMENT OF NET ASSETS

June 30, 2002

	Primary Government		
	Governmental Activities	Business-type Activity	Total
ASSETS			
Cash and cash equivalents	\$ 840,100	\$ 106,498	\$ 946,598
Investments	23,963,949	4,787,139	28,751,088
Receivables (net of allowances for uncollectibles):			
Taxes	1,254,904	-	1,254,904
Accounts	233,868	69,437	303,305
Unbilled	-	885,559	885,559
Accrued interest	138,413		138,413
Notes receivable	190,000	-	190,000
Due from other funds	6,195	-	6,195
Due from other governmental units	1,216,237	-	1,216,237
Capital assets (net of accumulated depreciation)	50,467,608	15,375,067	65,842,675
Total Assets	\$ 78,311,274	\$ 21,223,700	\$ 99,534,974
LIABILITIES			
Accounts payable	\$ 781,471	\$ 541,406	\$ 1,322,877
Accrued vacation pay	483,332	76,655	559,987
Accrued interest payable	113,112	119,620	232,732
Deposits payable	-	32,747	32,747
Refundable deposits	40,315	-	40,315
Due to other funds	1,956	4,239	6,195
Deferred revenue	227,667	-	227,667
Bonds payable			
Due within one year	908,000	257,942	1,165,942
Due in more than one year	11,744,000	7,442,418	19,186,418
Self insurance reserve	288,715	-	288,715
Total Liabilities	14,588,568	8,475,027	23,063,595
NET ASSETS			
Invested in capital assets, net of related debt	37,815,608	7,674,707	45,490,315
Restricted for subsequent years' capital expenditures	13,400,000	-	13,400,000
Restricted for summer youth program	40,000	-	40,000
Unrestricted	12,467,098	5,073,966	17,541,064
Total Net Assets	63,722,706	12,748,673	76,471,379
Total Liabilities and Net Assets	\$ 78,311,274	\$ 21,223,700	\$ 99,534,974

The notes to financial statements are an integral part of this statement.

CITY OF WILLIAMSBURG, VIRGINIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2002

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Business-type	
					Governmental Activity	Activity	
PRIMARY GOVERNMENT:							
General government administration	\$ 2,625,791	\$ 782,709	\$ 138,147	\$ -	\$ (1,704,935)	\$ -	\$ (1,704,935)
Judicial administration	293,703	-	-	-	(293,703)	-	(293,703)
Public safety	6,224,163	465,780	484,755	-	(5,273,628)	-	(5,273,628)
Public works	4,189,199	136,975	1,037,194	-	(3,015,030)	-	(3,015,030)
Health and welfare	1,600,391	-	1,385,564	-	(214,827)	-	(214,827)
Education	6,763,889	-	-	205,859	(6,558,030)	-	(6,558,030)
Parks, recreation and cultural	1,970,796	291,421	68,925	-	(1,610,450)	-	(1,610,450)
Community development	2,911,908	58,293	-	-	(2,853,615)	-	(2,853,615)
Nondepartmental	86,589	-	-	-	(86,589)	-	(86,589)
Interest expense	290,907	-	-	-	(290,907)	-	(290,907)
TOTAL GOVERNMENTAL ACTIVITIES	26,957,336	1,735,178	3,114,585	205,859	(21,901,714)	-	(21,901,714)
BUSINESS-TYPE ACTIVITY							
Water and sewer services	4,501,762	4,802,684	-	-	-	300,922	300,922
TOTAL BUSINESS-TYPE ACTIVITY	4,501,762	4,802,684	-	-	-	300,922	300,922
TOTAL PRIMARY GOVERNMENT	\$ 31,459,098	\$ 6,537,862	\$ 3,114,585	\$ 205,859	(21,901,714)	300,922	(21,600,792)
General Revenues:							
Real estate taxes					5,291,881	-	5,291,881
Personal property taxes					1,003,349	-	1,003,349
Sales taxes					4,468,174	-	4,468,174
Business property taxes					1,246,548	-	1,246,548
Consumers' utility taxes					589,089	-	589,089
Business license taxes					1,634,995	-	1,634,995
Franchise taxes					194,633	-	194,633
Bank stock taxes					189,433	-	189,433
Recordation of wills taxes					109,141	-	109,141
Hotel and room taxes					4,114,010	-	4,114,010
Meals taxes					5,338,967	-	5,338,967
Other local taxes					118,583	-	118,583
Investment earnings					832,461	123,220	955,681
Gain on sale of capital assets					337,264	-	337,264
Net Transfers					50,000	-	50,000
Total general revenues and transfers					25,518,528	123,220	25,641,748
Change in net assets					3,616,814	424,142	4,040,956
Net assets - beginning					60,105,892	12,324,531	72,430,423
Net assets - ending					\$ 63,722,706	\$ 12,748,673	\$ 76,471,379

The notes to financial statements are an integral part of this statement.

CITY OF WILLIAMSBURG, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2002

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 701,106	\$ 138,994	\$ 840,100
Investments	23,963,949	-	23,963,949
Receivables (net of allowances for uncollectibles):			
Taxes	1,254,904	-	1,254,904
Accounts	233,868	-	233,868
Accrued interest	138,413	-	138,413
Notes receivable	190,000	-	190,000
Due from other funds	6,195	-	6,195
Due from other governmental units	1,129,908	86,329	1,216,237
	<u>1,129,908</u>	<u>86,329</u>	<u>1,216,237</u>
Total Assets	<u><u>\$ 27,618,343</u></u>	<u><u>\$ 225,323</u></u>	<u><u>\$ 27,843,666</u></u>
LIABILITIES AND FUND BALANCES			
Accounts payable	\$ 781,471	\$ -	\$ 781,471
Accrued vacation pay	299,117	22,172	321,289
Accrued interest payable	113,112	-	113,112
Refundable deposits	40,315	-	40,315
Due to other funds	-	1,956	1,956
Deferred revenue	168,584	59,083	227,667
Self insurance liability	288,715	-	288,715
	<u>288,715</u>	<u>-</u>	<u>288,715</u>
Total Liabilities	<u>1,691,314</u>	<u>83,211</u>	<u>\$ 1,774,525</u>
FUND BALANCES			
Unreserved			
Designated for subsequent years' capital expenditures	13,400,000	-	13,400,000
Designated for summer youth program	-	40,000	40,000
Undesignated	12,527,029	102,112	12,629,141
	<u>12,527,029</u>	<u>102,112</u>	<u>12,629,141</u>
Total Fund Balances	<u>25,927,029</u>	<u>142,112</u>	<u>26,069,141</u>
Total Liabilities and Fund Balances	<u><u>\$ 27,618,343</u></u>	<u><u>\$ 225,323</u></u>	<u><u>\$ 27,843,666</u></u>

CITY OF WILLIAMSBURG, VIRGINIA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
June 30, 2002

Total Governmental Fund Balances	\$ 26,069,141
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in the governmental activity are not financial resources and, therefore, not reported in the fund.	50,467,608
Bonds payable are not reported in the fund.	(12,652,000)
Vacation pay, not due and payable in the current period, is not reported in the fund.	<u>(162,043)</u>
Net assets of governmental activities	<u><u>\$ 63,722,706</u></u>

CITY OF WILLIAMSBURG, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2002

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
General property taxes	\$ 7,577,391	\$ -	\$ 7,577,391
Other local taxes	16,506,306	-	16,506,306
Permits, privilege fees and regulatory licenses	173,985	-	173,985
Fines and forfeitures	282,664	-	282,664
Revenue from use of money and property	1,049,204	314	1,049,518
Charges for services	341,113	-	341,113
Miscellaneous	980,719	23,713	1,004,432
Intergovernmental	2,211,804	994,378	3,206,182
Total Revenues	29,123,186	1,018,405	30,141,591
EXPENDITURES			
Current:			
General government administration	1,952,376	-	1,952,376
Judicial administration	293,703	-	293,703
Public safety	5,970,801	62,269	6,033,070
Public works	3,078,356	-	3,078,356
Health and welfare	372,417	1,227,601	1,600,018
Education	6,763,889	-	6,763,889
Parks, recreation and cultural	1,809,048	-	1,809,048
Community development	2,898,086	-	2,898,086
Nondepartmental	97,680	-	97,680
Capital projects	3,192,642	-	3,192,642
Debt service			
Principal	788,000	-	788,000
Interest	290,907	-	290,907
Total Expenditures	27,507,905	1,289,870	28,797,775
Excess of Revenues Over Expenditures	1,615,281	(271,465)	1,343,816
OTHER FINANCING SOURCES (USES)			
Bond proceeds	7,000,000	-	7,000,000
Operating transfers in	-	296,000	296,000
Operating transfers out	(296,000)	-	(296,000)
Sale of capital assets	304,335	-	304,335
Total Other Financing Sources	7,008,335	296,000	7,304,335
Net change in fund balances	8,623,616	24,535	8,648,151
FUND BALANCES, Beginning	17,303,413	117,577	17,420,990
FUND BALANCES, Ending	\$ 25,927,029	\$ 142,112	\$ 26,069,141

CITY OF WILLIAMSBURG, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2002

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances -- total governmental funds	\$ 8,648,151
Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,225,474
The net effect of various miscellaneous transactions involving capital assets (sales) is to decrease net assets.	(1,091,385)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(6,003,383)
The long-term portion of vacation pay does not require the use of current financial resources and, therefore, is not reported in expenditures in the governmental fund.	(162,043)
Change in net assets of governmental activities	<u>\$ 3,616,814</u>

The notes to financial statements are an integral part of this statement.

CITY OF WILLIAMSBURG, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
GOVERNMENTAL FUND
Year Ended June 30, 2002

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
General property taxes	\$ 7,259,600	\$ 7,577,391	\$ 317,791
Other local taxes	15,944,700	16,506,306	561,606
Permits, privilege fees and regulatory licenses	162,100	173,985	11,885
Fines and forfeitures	251,000	282,664	31,664
Revenue from use of money and property	944,900	1,049,204	104,304
Charge for services	357,366	341,113	(16,253)
Miscellaneous	792,700	980,719	188,019
Intergovernmental	2,211,380	2,211,804	424
Total Revenues	<u>27,923,746</u>	<u>29,123,186</u>	<u>1,199,440</u>
EXPENDITURES			
Current:			
General government administration	1,994,913	1,952,376	42,537
Judicial administration	326,338	293,703	32,635
Public safety	6,157,786	5,970,801	186,985
Public works	3,318,744	3,078,356	240,388
Health and welfare	382,819	372,417	10,402
Education	6,764,889	6,763,889	1,000
Parks, recreation and cultural	1,794,937	1,809,048	(14,111)
Community development	2,927,353	2,898,086	29,267
Nondepartmental	100,000	97,680	2,320
Capital projects	5,982,200	3,192,642	2,789,558
Debt service			
Principal	788,000	788,000	-
Interest	272,000	290,907	(18,907)
Total Expenditures	<u>30,809,979</u>	<u>27,507,905</u>	<u>3,302,074</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,886,233)</u>	<u>1,615,281</u>	<u>4,501,514</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	7,000,000	7,000,000
Operating transfers out	(405,799)	(296,000)	109,799
Sale of capital asset	110,000	304,335	194,335
Total Other Financing Sources (Uses)	<u>(295,799)</u>	<u>7,008,335</u>	<u>7,304,134</u>
Net change in fund balance	(3,182,032)	8,623,616	11,805,648
FUND BALANCE, Beginning	<u>17,303,413</u>	<u>17,303,413</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 14,121,381</u>	<u>\$ 25,927,029</u>	<u>\$ 11,805,648</u>

CITY OF WILLIAMSBURG, VIRGINIA
STATEMENT OF NET ASSETS
UTILITY FUND
June 30, 2002

ASSETS

Current Assets

Cash and cash equivalents	\$ 106,498
Investments	4,787,139
Receivables (net of allowance for uncollectibles)	
Accounts	69,437
Unbilled	<u>885,559</u>

Total current assets 5,848,633

Noncurrent Assets

Capital assets (net of accumulated depreciation)	<u>15,375,067</u>
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Total Assets \$ 21,223,700

LIABILITIES

Current Liabilities

Accounts payable	\$ 541,406
Accrued vacation pay	76,655
Accrued interest payable	119,620
Deposits payable	32,747
Due to other funds	4,239
General obligation bonds - current	<u>257,942</u>

Total current liabilities 1,032,609

Noncurrent Liabilities

General obligation bonds payable	<u>7,442,418</u>
----------------------------------	------------------

Total Liabilities 8,475,027

NET ASSETS

Investment in capital assets, net of related debt	7,674,707
Unrestricted	<u>5,073,966</u>

Total Net Assets 12,748,673

Total Liabilities and Net Assets \$ 21,223,700

CITY OF WILLIAMSBURG, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGE IN FUND NET ASSETS
UTILITY FUND
Year Ended June 30, 2002

OPERATING REVENUES

Water and sewer services	\$ 4,103,352
Miscellaneous	1,162
Tap, connection and availability fees	<u>698,170</u>

Total Operating Revenues	<u>4,802,684</u>
---------------------------------	------------------

OPERATING EXPENSES

Salaries and wages	798,748
Fringe benefits	266,454
Contractual services	1,324,227
Other charges	1,431,892
Depreciation and amortization	<u>329,460</u>

Total Operating Expenses	<u>4,150,781</u>
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Operating Income	651,903
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NONOPERATING REVENUES (EXPENSES)

Interest earned	123,220
Interest expense	<u>(350,981)</u>

Total Nonoperating Revenues (Expenses)	<u>(227,761)</u>
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Net income	424,142
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NET ASSETS, Beginning	<u>12,324,531</u>
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NET ASSETS, Ending	<u><u>\$ 12,748,673</u></u>
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CITY OF WILLIAMSBURG, VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGE
IN FUND NET ASSETS - BUDGET AND ACTUAL
UTILITY FUND
Year Ended June 30, 2002

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Water and sewer services	\$ 3,870,500	\$ 4,103,352	\$ 232,852
Miscellaneous	50,000	1,162	(48,838)
Tap, connection and availability fees	253,000	698,170	445,170
Total Operating Revenues	<u>4,173,500</u>	<u>4,802,684</u>	<u>629,184</u>
OPERATING EXPENSES			
Personal services	829,047	798,748	30,299
Fringe benefits	284,213	266,454	17,759
Contractual services	990,000	1,324,227	(334,227)
Other charges	1,208,520	1,431,892	(223,372)
Depreciation and amortization	350,000	329,460	20,540
Total Operating Expenses	<u>3,661,780</u>	<u>4,150,781</u>	<u>(489,001)</u>
Operating Income (Loss)	<u>511,720</u>	<u>651,903</u>	<u>140,183</u>
NONOPERATING REVENUES (EXPENSES)			
Interest earned	145,000	123,220	(21,780)
Interest expense	(475,475)	(350,981)	124,494
Total Nonoperating Revenues (Expenses)	<u>(330,475)</u>	<u>(227,761)</u>	<u>102,714</u>
Change in net assets	181,245	424,142	242,897
NET ASSETS, Beginning	12,324,531	12,324,531	-
Transfer	181,245	-	(181,245)
NET ASSETS, Ending	<u>\$ 12,687,021</u>	<u>\$ 12,748,673</u>	<u>\$ 242,897</u>

**CITY OF WILLIAMSBURG, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2002**

	Virginia Public Assistance Fund	Law Enforcement Block Grant Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 138,985	\$ 9	\$ 138,994
Due from other governmental units:			
Commonwealth of Virginia	27,046	-	27,046
Federal Government	59,283	-	59,283
Total Assets	\$ 225,314	\$ 9	\$ 225,323
LIABILITIES			
Accrued vacation pay	\$ 22,172	\$ -	\$ 22,172
Due to general fund	1,956	-	1,956
Deferred revenue	59,083	-	59,083
Total Liabilities	83,211	-	83,211
FUND BALANCES			
Fund Balance			
Unreserved:			
Undesignated	102,103	9	102,112
Designated for Summer Youth Program	40,000	-	40,000
Total Fund Balances	142,103	9	142,112
Total Liabilities and Fund Balances	\$ 225,314	\$ 9	\$ 225,323

CITY OF WILLIAMSBURG, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2002

	Virginia Public Assistance Fund	Law Enforcement Block Grant Fund	Totals
REVENUES			
Revenue from the use of money	\$ -	\$ 314	\$ 314
Miscellaneous revenue	10,030	13,683	23,713
Intergovernmental:			
Commonwealth of Virginia	236,570	-	236,570
Federal government	709,660	48,148	757,808
Total Intergovernmental Revenues	946,230	48,148	994,378
Total Revenues	956,260	62,145	1,018,405
EXPENDITURES			
Public safety	-	62,269	62,269
Health and welfare	1,227,601	-	1,227,601
Total Expenditures	1,227,601	62,269	1,289,870
Deficiency of Revenues Over Expenditures	(271,341)	(124)	(271,465)
OTHER FINANCING SOURCES			
Operating transfers in	296,000	-	296,000
Net Change in Fund Balances	24,659	(124)	24,535
FUND BALANCES, Beginning	117,444	133	117,577
FUND BALANCES, Ending	\$ 142,103	\$ 9	\$ 142,112

CITY OF WILLIAMSBURG, VIRGINIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
June 30, 2002

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 11,606,930
Buildings	22,118,475
Improvements other than buildings	7,395,150
Infrastructure	35,508,767
Equipment	4,635,248
Construction in progress	<u>336,544</u>

Total Governmental funds capital assets

\$ 81,601,114

INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

General fund	<u>\$ 81,601,114</u>
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CITY OF WILLIAMSBURG, VIRGINIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2002

Function and Activity	Land	Buildings	Improvements Other than Buildings	Infrastructure	Equipment	Construction in Progress	Totals
General Government:							
Administration	\$ 10,910,645	\$ 18,482,583	\$ 4,156,769	\$ -	\$ 601,486	\$ 336,544	\$ 34,488,027
Legislative	-	-	-	-	5,658	-	5,658
Executive	-	-	-	-	18,000	-	18,000
Finance	-	-	-	-	270,773	-	270,773
Total General Government	<u>10,910,645</u>	<u>18,482,583</u>	<u>4,156,769</u>	<u>-</u>	<u>895,917</u>	<u>336,544</u>	<u>34,782,458</u>
Public Safety:							
Police	-	500,217	203,267	-	1,224,920	-	1,928,404
Fire	45,875	513,700	-	-	1,243,188	-	1,802,763
Total Public Safety	<u>45,875</u>	<u>1,013,917</u>	<u>203,267</u>	<u>-</u>	<u>2,468,108</u>	<u>-</u>	<u>3,731,167</u>
Public Works and Engineering:	<u>132,120</u>	<u>928,649</u>	<u>359,309</u>	<u>35,508,767</u>	<u>1,085,711</u>	<u>-</u>	<u>38,014,556</u>
Parks and Recreation	<u>492,490</u>	<u>1,693,326</u>	<u>2,675,805</u>	<u>-</u>	<u>163,077</u>	<u>-</u>	<u>5,024,698</u>
Health and Welfare	<u>25,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,435</u>	<u>-</u>	<u>48,235</u>
Total Governmental Funds Capital Assets	<u>\$ 11,606,930</u>	<u>\$ 22,118,475</u>	<u>\$ 7,395,150</u>	<u>\$ 35,508,767</u>	<u>\$ 4,635,248</u>	<u>\$ 336,544</u>	<u>\$ 81,601,114</u>

CITY OF WILLIAMSBURG, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GOVERNMENTAL FUND
Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Revenue from Local Sources			
General Property Taxes			
Real property taxes	\$ 4,845,000	\$ 4,962,549	\$ 117,549
Real and personal public service corporation property taxes	260,600	275,439	14,839
Personal property taxes	892,000	1,002,744	110,744
Mobile home taxes	3,000	3,274	274
Business property taxes	1,197,000	1,246,548	49,548
Penalties	36,000	65,098	29,098
Interest	26,000	21,739	(4,261)
	<u>7,259,600</u>	<u>7,577,391</u>	<u>317,791</u>
Total General Property Taxes			
Other Local Taxes			
Local sales and use taxes	3,925,000	4,368,379	443,379
Consumers' utility taxes	563,700	589,089	25,389
Business license taxes	1,552,000	1,622,735	70,735
Franchise license taxes	144,000	194,633	50,633
Bank stock taxes	170,000	189,433	19,433
Taxes on recordation and wills	100,000	109,141	9,141
Hotel and motel room taxes	4,140,000	4,114,010	(25,990)
Restaurant food taxes	5,350,000	5,318,886	(31,114)
	<u>15,944,700</u>	<u>16,506,306</u>	<u>561,606</u>
Total Other Local Taxes			
Permits, Privilege Fees and Regulatory Licenses			
Animal licenses	550	428	(122)
Permits and other licenses	161,550	173,557	12,007
	<u>162,100</u>	<u>173,985</u>	<u>11,885</u>
Total Permits, Privilege Fees and Regulatory Licenses			
Fines and Forfeitures	<u>251,000</u>	<u>282,664</u>	<u>31,664</u>
Revenue from Use of Money and Property			
Revenue from use of money	800,000	877,741	77,741
Revenue from use of property	144,900	171,463	26,563
	<u>944,900</u>	<u>1,049,204</u>	<u>104,304</u>
Total Revenue from Use of Money and Property			

(Continued)

CITY OF WILLIAMSBURG, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
GOVERNMENTAL FUND
Year Ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue from Local Sources (Concluded)			
Charges for Services			
Sheriff's fees	\$ 1,366	\$ 1,366	\$ -
Commonwealth Attorney's fees	500	728	228
Charges for parks and recreation	308,500	291,421	(17,079)
Charges for planning and community development	47,000	47,598	598
	<u>357,366</u>	<u>341,113</u>	<u>(16,253)</u>
Total Charges for Services			
	<u>357,366</u>	<u>341,113</u>	<u>(16,253)</u>
Miscellaneous revenue	792,700	980,719	188,019
	<u>792,700</u>	<u>980,719</u>	<u>188,019</u>
Total Revenue from Local Sources	<u>25,712,366</u>	<u>26,911,382</u>	<u>1,199,016</u>
Revenue from the Commonwealth			
Noncategorical Aid			
ABC profits	29,270	32,614	3,344
Wine taxes	17,326	16,912	(414)
Rolling stock taxes	5,780	8,979	3,199
Rental car taxes	8,000	9,754	1,754
Grantor's tax	69,400	47,050	(22,350)
DJCP grants for law enforcement	337,141	307,807	(29,334)
	<u>466,917</u>	<u>423,116</u>	<u>(43,801)</u>
Total Noncategorical Aid			
	<u>466,917</u>	<u>423,116</u>	<u>(43,801)</u>
Categorical Aid			
Shared expenses			
Commissioner of the Revenue	78,000	74,428	(3,572)
Treasurer	22,000	23,077	1,077
Medical Examiner	100	180	80
Registrar/Electoral Board	38,000	40,642	2,642
	<u>138,100</u>	<u>138,327</u>	<u>227</u>
Total Shared Expenses			
	<u>138,100</u>	<u>138,327</u>	<u>227</u>
Education			
State sales tax	458,738	429,304	(29,434)
	<u>458,738</u>	<u>429,304</u>	<u>(29,434)</u>

(Continued)

CITY OF WILLIAMSBURG, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
GOVERNMENTAL FUND
Year Ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue from the Commonwealth (Concluded)			
Other Categorical Aid			
Arts Commission	\$ 68,925	\$ 68,925	\$ -
Street and highway maintenance	976,300	1,037,194	60,894
Emergency services	5,800	5,501	(299)
Fire program fund	16,000	16,203	203
Litter prevention & recycling	5,600	5,143	(457)
Total Other Categorical Aid	1,072,625	1,132,966	60,341
Total Categorical Aid	1,669,463	1,700,597	31,134
Total Revenue from the Commonwealth	2,136,380	2,123,713	(12,667)
Revenue from the Federal Government			
COPS grant	75,000	88,091	13,091
Total Revenue from the Federal Government	75,000	88,091	13,091
Total Intergovernmental Revenue	2,211,380	2,211,804	424
Total Revenues	27,923,746	29,123,186	1,199,440
EXPENDITURES			
General Government Administration			
Legislative			
City Council	86,948	72,590	14,358
Clerk of Council	83,851	71,163	12,688
Total Legislative	170,799	143,753	27,046
General and Financial Administration			
City Manager	347,780	346,198	1,582
City Attorney	91,000	159,336	(68,336)
Commissioner of the Revenue	167,970	151,142	16,828
Assessor	116,997	110,278	6,719
Treasurer	50,390	43,375	7,015
Director of Finance	756,967	716,984	39,983
City Shop	180,935	172,423	8,512
Total General and Financial Administration	1,712,039	1,699,736	12,303

(Continued)

CITY OF WILLIAMSBURG, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
GOVERNMENTAL FUND
Year Ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
General Government Administration (Concluded)			
Board of Elections			
Electoral board and officials	\$ 16,805	\$ 15,735	\$ 1,070
Registrar	95,270	93,152	2,118
	<u>112,075</u>	<u>108,887</u>	<u>3,188</u>
Total Board of Elections			
	<u>112,075</u>	<u>108,887</u>	<u>3,188</u>
Total General Government Administration	<u>1,994,913</u>	<u>1,952,376</u>	<u>42,537</u>
Judicial Administration			
Courts			
Courthouse	326,338	293,703	32,635
	<u>326,338</u>	<u>293,703</u>	<u>32,635</u>
Total Judicial Administration	<u>326,338</u>	<u>293,703</u>	<u>32,635</u>
Public Safety			
Law Enforcement and Traffic Control	2,479,241	2,417,017	62,224
	<u>2,479,241</u>	<u>2,417,017</u>	<u>62,224</u>
E-911	464,053	433,540	30,513
	<u>464,053</u>	<u>433,540</u>	<u>30,513</u>
Fire and Rescue Services	2,248,251	2,150,348	97,903
	<u>2,248,251</u>	<u>2,150,348</u>	<u>97,903</u>
Correction and Detention			
Regional jail	553,742	548,055	5,687
Juvenile detention commission	78,000	116,054	(38,054)
Group home commission	39,453	39,453	-
	<u>671,195</u>	<u>703,562</u>	<u>(32,367)</u>
Total Correction and Detention			
	<u>671,195</u>	<u>703,562</u>	<u>(32,367)</u>
Inspections	267,430	245,160	22,270
	<u>267,430</u>	<u>245,160</u>	<u>22,270</u>

(Continued)

CITY OF WILLIAMSBURG, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
GOVERNMENTAL FUND
Year Ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Public Safety (Concluded)			
Other Protection			
Animal Control	\$ 22,516	\$ 17,527	\$ 4,989
Medical Examiner	350	400	(50)
Emergency management	4,750	3,247	1,503
Total Other Protection	27,616	21,174	6,442
Total Public Safety	6,157,786	5,970,801	186,985
Public Works			
Maintenance of Highways, Streets, Bridges and Sidewalks			
General engineering	188,566	178,974	9,592
Highways, streets, bridges and sidewalks	1,366,802	1,324,333	42,469
Total Maintenance of Highways, Streets, Bridges and Sidewalks	1,555,368	1,503,307	52,061
Sanitation and Waste Removal			
Refuse collection	492,000	475,258	16,742
Total Sanitation and Waste Removal	492,000	475,258	16,742
Maintenance of General Buildings and Grounds			
Municipal complex - new	442,055	399,033	43,022
Rental properties	12,900	7,541	5,359
Information resources	379,300	279,998	99,302
Landscaping	437,121	413,219	23,902
Total Maintenance of General Buildings and Grounds	1,271,376	1,099,791	171,585
Total Public Works	3,318,744	3,078,356	240,388
Health and Welfare			
Health			
Local health department	194,833	188,942	5,891
Mosquito control	6,950	6,692	258
Total Health	201,783	195,634	6,149

(Continued)

CITY OF WILLIAMSBURG, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
GOVERNMENTAL FUND
Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Health and Welfare (Concluded)			
Mental Health and Mental Retardation			
Colonial Services Board	\$ 172,473	\$ 172,473	\$ -
Social Services			
Public Assistance	5,063	2,298	2,765
Transportation	3,500	2,012	1,488
Total Social Services	8,563	4,310	4,253
Total Health and Welfare	382,819	372,417	10,402
Education			
Administration of schools	8,643	7,643	1,000
Contributions to local school district	6,756,246	6,756,246	-
Total Education	6,764,889	6,763,889	1,000
Parks, Recreation and Cultural			
Parks and Recreation			
Administration	350,999	335,147	15,852
Parks supervision	148,858	139,841	9,017
Playgrounds	571,866	558,439	13,427
Cemeteries	42,860	35,877	6,983
Total Parks and Recreation	1,114,583	1,069,304	45,279
Regional Library	680,354	739,744	(59,390)
Total Parks, Recreation and Cultural	1,794,937	1,809,048	(14,111)
Community Development			
Planning and Community Development			
Planning	364,546	334,450	30,096
Community development	2,434,957	2,435,929	(972)
Total Planning and Community Development	2,799,503	2,770,379	29,124
Arts commission	127,850	127,707	143
Total Community Development	2,927,353	2,898,086	29,267

(Continued)

CITY OF WILLIAMSBURG, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CONCLUDED)
GOVERNMENTAL FUND
Year Ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Nondepartmental	<u>\$ 100,000</u>	<u>\$ 97,680</u>	<u>\$ 2,320</u>
Capital Projects	<u>5,982,200</u>	<u>3,192,642</u>	<u>2,789,558</u>
Debt Service			
Principal	788,000	788,000	-
Interest	<u>272,000</u>	<u>290,907</u>	<u>(18,907)</u>
Total Debt Service	<u>1,060,000</u>	<u>1,078,907</u>	<u>(18,907)</u>
Total Expenditures	<u>30,809,979</u>	<u>27,507,905</u>	<u>3,302,074</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,886,233)</u>	<u>1,615,281</u>	<u>4,501,514</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	7,000,000	7,000,000
Operating transfers out	(405,799)	(296,000)	109,799
Sale of land	<u>110,000</u>	<u>304,335</u>	<u>194,335</u>
Total Other Financing Sources (Uses)	<u>(295,799)</u>	<u>7,008,335</u>	<u>7,304,134</u>
OTHER FINANCING SOURCES (USES) FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(3,182,032)</u>	<u>8,623,616</u>	<u>11,805,648</u>
FUND BALANCE, Beginning	<u>17,303,413</u>	<u>17,303,413</u>	<u>-</u>
FUND BALANCE, Ending	<u><u>\$ 14,121,381</u></u>	<u><u>\$ 25,927,029</u></u>	<u><u>\$ 11,805,648</u></u>

CITY OF WILLIAMSBURG, VIRGINIA

SCHEDULE OF FEDERAL AWARDS
Year Ended June 30, 2002

Federal Granting Agency/Grant Program	Federal Catalog Number	Balance July 1, 2001	Revenues	Expenditures	Balance June 30, 2002
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Pass-through payments:					
Department of Social Services:					
Food Stamp Administration	10.561	\$ -	\$ 113,201	\$ 113,201	\$ -
Promoting Safe and Stable Families	93.556	-	11,340	11,340	-
Temporary Assistance for Needy Families	93.558	-	104,820	104,820	-
Refugee and Entrant Assistance	93.566	-	243	243	-
Low Income Home Energy Assistance	93.568	-	610	610	-
Child Care and Development Block Grant	93.575	11,586	156,911	155,417	13,080
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	-	43,253	43,253	-
Foster Care Title IV-E	93.658	-	123,977	123,977	-
Adoption Assistance	93.659	-	9,996	9,996	-
Social Services Block Grant	93.667	-	62,667	62,667	-
Independent Living	93.674	-	560	560	-
Medical Assistance Program (Medical; Title XIX)	93.778	-	78,132	78,132	-
Statewide Fraud Program	N/A	-	5,444	5,444	-
Total Department of Health and Human Services		11,586	711,154	709,660	13,080
DEPARTMENT OF JUSTICE					
Direct payments:					
Department of Justice					
Crime Victim Assistance	16.575	-	32,750	32,750	-
Local Law Enforcement Block Grant	16.592	-	10,648	10,648	-
Public Safety Partnership and Community Policing Grants	16.710	-	88,091	88,091	-
Pass-through payments:					
Department of Criminal Justice Services					
Byrne Formula Grant Program	16.579	-	41,250	41,250	-
Total Department of Justice		-	172,739	172,739	-
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Pass-through payments:					
Department of Housing and Community Development					
Community Development Block Grant/State's Program	14.228	-	770,584	770,584	-
HOME Investment Partnerships Program	14.239	-	20,465	20,465	-
Total Department of Housing and Urban Development		-	791,049	791,049	-
DEPARTMENT OF TRANSPORTATION					
Pass-through payments:					
Division of Motor Vehicles					
State and Community Highway Safety	20.600	-	1,500	1,500	-
Totals		\$ 11,586	\$ 1,676,442	\$ 1,674,948	\$ 13,080

Note: This schedule is prepared on the modified accrual basis of accounting.